

# AGRICULTURE

As the largest agricultural producer in the nation, California's total agriculture industry is valued at more than \$27 billion.<sup>21</sup> The Golden State produces more than 350 different crops on nearly 90,000 farming operations.<sup>22</sup> These farms and ranches cover about one-third of the state's total land area. Approximately 30 percent of the state's agricultural production, mainly specialty crops, was exported to foreign markets in 2003.<sup>23</sup> California farmers enjoyed record earnings for crop production in 2004 and the overall gross value of fruit, nuts, vegetables, and field crops remained the nation's highest at \$18.1 billion last year. Production costs also rose significantly, especially for fuel, energy, fertilizers, pesticides, and marketing supplies.



Photo Credit:  
Grapes growing in California's  
Napa Valley, courtesy of the  
California Department of Food  
and Agriculture.

Most of California's specialty-crop farmers, who produce nearly all of the state's fruit and vegetables, receive no federal subsidies. As a result, most federal farm programs have not benefited California's diverse farm production operations. Farmers who produce two particular commodities, rice and cotton, do receive export and marketing assistance. Rice is a major export commodity, and the state is the sole producer of the high-quality medium grain rice favored by many Japanese consumers. California's cotton production plants, mainly located in the San Joaquin Valley, generate in excess of \$3.5 billion annually in the form of products and services, and most of the state's cotton production is exported to Asia. World prices for these commodities saw declines in 2004 due to decreases in global demand. Overall, California's farmers and ranchers received more than \$500 million in 2004 from a variety of federal farm programs. These payments included price supports, disaster assistance, conservation payments, and farm loans.

## CALIFORNIA'S TOP FIVE AGRICULTURAL COMMODITIES IN 2003

| <u>Commodity</u>      | <u>(\$millions)</u> |
|-----------------------|---------------------|
| 1. Dairy              | \$3,812             |
| 2. Greenhouse/Nursery | \$3,072             |
| 3. Grapes             | \$2,579             |
| 4. Lettuce, All       | \$1,278             |
| 5. Cattle and Calves  | \$1,229             |

Source: California Department of Food and  
Agriculture

Several controversial agricultural policy issues emerged in 2004. Of particular interest to California's cattle industry was the discovery in the State of Washington of a cow of Canadian origin that was infected with Bovine Spongiform Encephalopathy (BSE), or Mad Cow Disease. Since June 2004, more than 30,000 samples from California-based sources have been tested for BSE and all have been negative. California ranchers market most of their beef domestically, but increasing amounts of California-produced beef are sold in Asia. The fallout from BSE will remain a hotly-debated global trade issue in 2005. Similarly, policy debates over the various uses of Genetically Modified Organisms (e.g., RoundUp Ready seed materials) in agricultural production continued throughout 2004 and will likely remain at the forefront of the international agricultural policy debate in 2005.<sup>24</sup>

## CALIFORNIA'S TOP FIVE AGRICULTURAL COUNTIES IN 2003

| <u>County</u> | <u>Agriculture Value<br/>(\$billions)</u> |
|---------------|---|
| 1. Fresno     | \$4.05                                    |
| 2. Tulare     | \$3.29                                    |
| 3. Monterey   | \$3.28                                    |
| 4. Kern       | \$2.47                                    |
| 5. Merced     | \$1.91                                    |

Source: United States Department of Agriculture

Through its efforts in developing partnerships with international nonprofit organizations, the Commission has recently taken steps to further develop existing export markets and foster new markets for California's agricultural products. Those efforts included:

- Initiating negotiations for the export of California wine, fruit, vegetables, nuts, poultry, seafood and other agricultural products; and
- Facilitating the development of an international distribution chain for the sale of California agricultural equipment, seeds, feed, livestock and related products through a Memorandum of Understanding between a Chinese business group, the California-China Business Forum-Beijing, and San Diego State University.

<sup>21</sup>California Department of Food & Agriculture. "California Agricultural Statistical Review," 2004, September 2004, p. 28.

<sup>22</sup>Ibid, p. 29.

<sup>23</sup>United States Department of Agriculture, Economic Research Service, "California Fact Sheet 2003," <http://www.ers.usda.gov/Data>.

<sup>24</sup>Becker, Elizabeth and Edmund L. Andrews, "Performing a Free Trade Juggling Act, Offstage," *The New York Times*, February 8, 2003, C1.